

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
Indiana Government Center North Room 1058(B)
Indianapolis, Indiana 46204

IN THE MATTER OF TAX REQUEST OF WARSAW)
COMMUNITY SCHOOL S (KOSCIUSKO COUNTY))
FOR APPROVAL OF A LEASE WITH WARSAW) No. 07-033
MULTI-SCHOOL BUILDING CORPORATION)

A petition was filed on behalf of Warsaw Community Schools for approval of a lease with Warsaw Multi-School Building Corporation providing for the lease of a school building for a term of twenty-six (26) years at a lease rental of \$2,455,500 per payment during renovation, commencing on June 30, 2009. The first full rental installment shall commence on the date that the school building is completed and ready for occupancy or December 31, 2010 whichever is later, at an annual lease rental of \$4,911,000. The lease includes an option to purchase such building.

The Department of Local Government Finance ("Department"), pursuant to Executive Order 05-19, has reviewed the proposed lease and the Project, and has applied the guidance set forth in the Guidance for Review of School Building Project Financing and the factors set forth in I.C. 20-46-7-11. The school has complied with the appropriate provisions of I.C. 6-1.1-20 and I.C. 20-46-7-8. After careful consideration of all facts, the Department of Local Government Finance finds the following:

1. Warsaw Community Schools are located in Kosciusko County, Indiana, and the school board is the duly organized entity responsible for the establishment and operation of Warsaw Community Schools, Kosciusko County.
2. The purpose of the lease rental agreement is to:
 - a. Completely demolish the existing Leesburg Elementary School and construct a new replacement facility.
 - b. Completely demolish the existing Madison Elementary School and construct a new replacement facility.
 - c. Completely renovate the existing portions of Claypool Elementary School and construct new additions on the existing site.
 - d. Completely demolish the 1967 section of Jeffersonville Elementary School, completely renovate the existing 1976 section, and construct new additions on the existing site.
3. The total project cost, as present to the Department of Local Government Finance, is \$65,000,000.
4. School officials properly advertised and held a notice of preliminary determination hearing May 21, 2007.

5. Taxpayers did not file an application for a petition and remonstrance process.
6. Capital projects funds are not available for this project.
7. The persistence to graduation rate for this school district is at seventy-six percent (76%) and the graduation rate is also at seventy-six percent (76%).
8. The school's debt to assessed value ratio is one and ninety-one hundredths percent (1.91%), not including this project.
9. Construction costs associated with the project exceed the construction cost thresholds established by the Department for 2007.
10. School officials stated the reason the projects exceeded the Department's thresholds was due to the inclusion of sixth graders in the elementary buildings. Sixth grade classrooms require additional infrastructure and data for the curriculum and teachings beyond the traditional elementary classrooms for younger children and curriculums.
11. The school property tax control board made a favorable recommendation with a vote of 4-3 approving the proposed lease rental agreement with a maximum annual payment of \$4,911,000 for twenty-six (26) years.
12. The modified approval is based on a reduction of the total project cost allowed to be financed under this order. The total project cost shall not exceed \$59,160,000. The total project cost has been reduced to the maximum allowed under the Department's construction cost per square foot baseline.

Based on the above findings, it is therefore ordered that the Department gives MODIFIED APPROVAL for the execution of a lease with the Warsaw Multi-School Building Corporation, providing for the lease of a school building for a term of twenty-six (26) years at a lease rental of \$2,235,000 per payment during renovation, commencing on June 30, 2009. The first full rental installment shall commence on the date that the school building is completed and ready for occupancy or December 31, 2010, whichever is later, at an annual lease rental of \$4,470,000. This approval is limited to the projects described in file #07-033 as presented to the School Property Tax Control Board and the Commissioner for consideration.

If the construction bids received for the Project are lower than the estimated construction costs presented to the Department, the school corporation and building corporation shall amend the lease to lower the lease rental payments to amounts which will amortize the debt. The debt will be limited to the total of the construction bids, costs of issuance, soft construction costs, and construction contingencies. In total, the costs of issuance, soft construction costs, and construction contingencies shall not exceed the amounts presented to the Department of Local Government Finance for consideration.

To obtain a debt service rate for 2007 pay 2008, the unit must comply with the provisions of I.C. 6-1.1-17-3. In addition, on or before December 31, 2007, the unit must execute the above issue and file with the Department of Local Government Finance a final amortization schedule.

Dated this 21st day of November, 2007.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

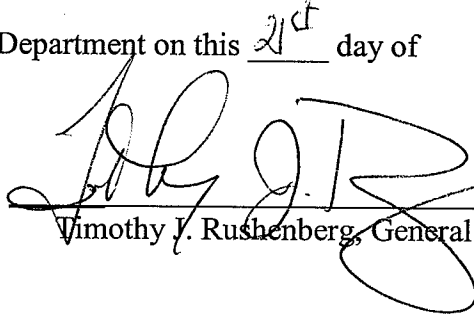

Cheryl A. Musgrave, Commissioner

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

I, Timothy J. Rushenberg, General Counsel for the Department of Local Government Finance, do hereby certify that the above is a full, true, and complete copy of the Order of the Commissioner made this date in the above-entitled matter.

WITNESS MY HAND AND SEAL of this Department on this 21st day of
November, 2007.


Timothy J. Rushenberg, General Counsel

Ind. Code 5-1-18, requires local units of government to provide debt information to the DLGF not later than December 31 of the year in which the bonds are issued or the lease is executed. In addition, local units of government are also required to annually (before March 1) provide the DLGF with information regarding their outstanding debt obligations. The documents that must be completed can be found on the DLGF website:
http://www.in.gov/dlgf/rates/debt_reporting.html. Please submit completed documents electronically to data@dlgf.in.gov. Questions regarding these documents may be directed to Cheryl Prochaska at (317) 244-4480.